



**BAY AREA YOUTH SERVICES, INC.  
d/b/a BAYS Florida**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**BAY AREA YOUTH SERVICES, INC.  
d/b/a BAYS Florida**

**FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Bay Area Youth Services, Inc.  
Tampa, Florida

We have audited the accompanying financial statements of Bay Area Youth Services, Inc. (the Organization), d/b/a BAYS Florida, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, statements of functional expenses, and statements of cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bay Area Youth Services, Inc. d/b/a BAYS Florida, as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Reeder & Associates, PA*

Certified Public Accountants  
September 30, 2020

**BAY AREA YOUTH SERVICES, INC.**  
**d/b/a BAYS FLORIDA**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,967,640	\$ 1,256,734
Investments	1,301,797	1,280,214
Contract services receivable	966,521	617,153
Prepays and other assets	201,094	173,627
<b>Total Current Assets</b>	<b>4,437,052</b>	<b>3,327,728</b>
Property and equipment, net	134,330	41,289
<b>TOTAL ASSETS</b>	<b>\$ 4,571,382</b>	<b>\$ 3,369,017</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued expenses	\$ 442,369	\$ 397,560
Accounts payable	15,058	21,663
Due to subcontractor	-	33,147
Paycheck Protection Program loan	1,065,400	-
Current maturities of long term debt	7,264	6,928
<b>Total Current Liabilities</b>	<b>1,530,091</b>	<b>459,298</b>
<b>CURRENT LIABILITIES</b>		
Long term debt, net of current maturities	5,667	12,948
<b>TOTAL LIABILITIES</b>	<b>1,535,758</b>	<b>472,246</b>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	2,914,225	2,875,358
Invested in property and equipment	121,399	21,413
<b>Total Net Assets Without Donor Restrictions</b>	<b>3,035,624</b>	<b>2,896,771</b>
With donor restrictions	-	-
<b>TOTAL NET ASSETS</b>	<b>3,035,624</b>	<b>2,896,771</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,571,382</b>	<b>\$ 3,369,017</b>

Read Report of Independent Certified Public Accountants.  
The accompanying notes are an integral part  
of these financial statements.

**BAY AREA YOUTH SERVICES INC.**  
**d/b/a BAYS FLORIDA**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUES</b>		
Contract services	\$ 8,312,455	\$ 6,832,278
Program service revenue	-	2,522
In-kind contributions	9,708	8,929
Investment return	23,908	47,005
Other income	5,630	10,349
	<b>8,351,701</b>	<b>6,901,083</b>
<b>TOTAL REVENUES WITHOUT DONOR RESTRICTIONS</b>		
<b>EXPENSES</b>		
Program services:		
Delinquency prevention	6,041,683	4,781,470
Clinical services	528,933	343,033
	<i>Total Program Services</i>	<i>5,124,503</i>
	6,570,616	5,124,503
Management and general	1,560,952	1,268,339
Fund development	81,280	52,264
	<i>Total Support Services</i>	<i>1,320,603</i>
	1,642,232	1,320,603
<b>TOTAL EXPENSES</b>	<b>8,212,848</b>	<b>6,445,106</b>
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	138,853	455,977
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>	-	-
<b>CHANGE IN NET ASSETS</b>	138,853	455,977
<b>NET ASSETS, beginning of year</b>	2,896,771	2,440,794
<b>NET ASSETS, end of year</b>	\$ 3,035,624	\$ 2,896,771

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of these financial statements.

**BAY AREA YOUTH SERVICES, INC.**  
**d/b/a BAYS FLORIDA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>		<u>Total Support Services</u>	<u>Total</u>
	<u>Delinquency Prevention</u>	<u>Clinical Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Development</u>		
Salaries and wages	\$ 3,740,536	\$ 356,113	\$ 4,096,649	\$ 1,185,791	\$ 54,280	\$ 1,240,071	\$ 5,336,720
Employee benefits	654,212	42,002	696,214	87,791	-	87,791	784,005
Payroll taxes	275,006	25,515	300,521	86,058	4,125	90,183	390,704
<b>Total salaries and related expenses</b>	<b>4,669,754</b>	<b>423,630</b>	<b>5,093,384</b>	<b>1,359,640</b>	<b>58,405</b>	<b>1,418,045</b>	<b>6,511,429</b>
Equipment rental & maintenance	33,976	1,328	35,304	1,163	-	1,163	36,467
Office expenses	36,995	2,105	39,100	15,401	-	15,401	54,501
Supplies	66,296	2,916	69,212	55,474	429	55,903	125,115
Occupancy	412,527	25,451	437,978	4,440	-	4,440	442,418
Communications	100,182	6,795	106,977	2,139	-	2,139	109,116
Professional liability insurance	38,409	1,952	40,361	2,897	-	2,897	43,258
Professional fees	153,053	46,732	199,785	35,138	20,187	55,325	255,110
Staff training	3,945	241	4,186	411	-	411	4,597
Mileage	237,723	11,940	249,663	26,341	-	26,341	276,004
Travel and meetings	13,020	3,757	16,777	35,894	-	35,894	52,671
Payments to subcontractor	271,610	-	271,610	-	-	-	271,610
Other expenses	4,193	2,086	6,279	179	2,259	2,438	8,717
<b>Total expenses before interest and depreciation</b>	<b>6,041,683</b>	<b>528,933</b>	<b>6,570,616</b>	<b>1,539,117</b>	<b>81,280</b>	<b>1,620,397</b>	<b>8,191,013</b>
Interest	-	-	-	751	-	751	751
Depreciation	-	-	-	21,084	-	21,084	21,084
	-	-	-	21,835	-	21,835	21,835
<b>TOTAL EXPENSES</b>	<b>\$ 6,041,683</b>	<b>\$ 528,933</b>	<b>\$ 6,570,616</b>	<b>\$ 1,560,952</b>	<b>\$ 81,280</b>	<b>\$ 1,642,232</b>	<b>\$ 8,212,848</b>

Read Report of Independent Certified Public Accountants.  
The accompanying notes are an integral part  
of these financial statements.

**BAY AREA YOUTH SERVICES, INC.**  
**d/b/a BAYS FLORIDA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>		<u>Total Support Services</u>	<u>Total</u>
	<u>Delinquency Prevention</u>	<u>Clinical Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Development</u>		
Salaries and wages	\$ 2,773,279	\$ 211,208	\$ 2,984,487	\$ 963,369	\$ -	\$ 963,369	\$ 3,947,856
Employee benefits	384,676	16,384	401,060	108,772	-	108,772	509,832
Payroll taxes	201,711	16,151	217,862	67,565	-	67,565	285,427
<b>Total salaries and related expenses</b>	<b>3,359,666</b>	<b>243,743</b>	<b>3,603,409</b>	<b>1,139,706</b>	<b>-</b>	<b>1,139,706</b>	<b>4,743,115</b>
Equipment rental & maintenance	31,469	774	32,243	1,401	-	1,401	33,644
Office expenses	37,615	6,070	43,685	16,389	-	16,389	60,074
Supplies	66,184	12,844	79,028	19,457	21	19,478	98,506
Occupancy	345,576	16,533	362,109	2,832	-	2,832	364,941
Communications	85,707	6,425	92,132	761	202	963	93,095
Professional liability insurance	41,251	448	41,699	2,851	-	2,851	44,550
Professional fees	133,769	37,506	171,275	12,705	51,196	63,901	235,176
Staff training	7,808	103	7,911	815	-	815	8,726
Mileage	175,079	15,310	190,389	22,344	-	22,344	212,733
Travel and meetings	8,240	3,252	11,492	29,013	-	29,013	40,505
Payments to subcontractor	484,693	-	484,693	-	-	-	484,693
Other expenses	4,413	25	4,438	744	845	1,589	6,027
<b>Total expenses before interest and depreciation</b>	<b>4,781,470</b>	<b>343,033</b>	<b>5,124,503</b>	<b>1,249,018</b>	<b>52,264</b>	<b>1,301,282</b>	<b>6,425,785</b>
Interest	-	-	-	1,063	-	1,063	1,063
Depreciation	-	-	-	18,258	-	18,258	18,258
	-	-	-	19,321	-	19,321	19,321
<b>TOTAL EXPENSES</b>	<b>\$ 4,781,470</b>	<b>\$ 343,033</b>	<b>\$ 5,124,503</b>	<b>\$ 1,268,339</b>	<b>\$ 52,264</b>	<b>\$ 1,320,603</b>	<b>\$ 6,445,106</b>

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of these financial statements.



**BAY AREA YOUTH SERVICES, INC.**  
**d/b/a BAYS FLORIDA**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 138,853	\$ 455,977
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation	21,084	18,258
Realized and unrealized (gain) loss on investments	2,922	(21,729)
(Increase) decrease in contract services receivable	(349,368)	(60,830)
(Increase) decrease in prepaids and other assets	(27,467)	(33,857)
Increase (decrease) in accounts payable	(6,605)	(49,932)
Increase (decrease) in accrued expenses	44,809	50,342
Increase (decrease) in due to subcontractor	(33,147)	(14,142)
	(347,772)	(111,890)
<b>Net cash provided (used) by operating activities</b>	<b>(208,919)</b>	<b>344,087</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash payments for the purchase of equipment	(114,125)	(1,295)
Proceeds from sale of investments	633,137	-
Purchases of investments	(657,642)	(221,594)
	(138,630)	(222,889)
<b>Net cash provided (used) by investing activities</b>	<b>(138,630)</b>	<b>(222,889)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program loan	1,065,400	-
Principal payments on long-term debt	(6,945)	(6,633)
	1,058,455	(6,633)
<b>Net cash provided (used) by financing activities</b>	<b>1,058,455</b>	<b>(6,633)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>710,906</b>	<b>114,565</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>1,256,734</b>	<b>1,142,169</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 1,967,640</b>	<b>\$ 1,256,734</b>
<b><u>Disclosure of non-cash investing activities:</u></b>		
Disposal of fully depreciated property and equipment	\$ -	\$ 3,200
Cash paid for interest expense	\$ 751	\$ 1,063

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of these financial statements.

**BAY AREA YOUTH SERVICES, INC.**  
**d/b/a BAYS FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE A – DESCRIPTION OF ORGANIZATION**

Bay Area Youth Services, Inc. (the Organization), d/b/a BAYS Florida, was incorporated April 9, 1982 and operates as a Florida not-for-profit corporation. The Organization provides counseling and guidance to the youth of the State of Florida and provides those services necessary to aid troubled youth and/or their families.

**Delinquency Prevention** services includes the following program:

***Juvenile Diversion Alternative Program (JDAP)*** - JDAP programs provide or arrange for the provision of treatment, supervision, individual and family interventions and other needed services to youth referred for a delinquent offense, diverted from judicial handling and assessed as being a potential serious or chronic offender. The purpose of JDAP is to provide non-judicial sanctions to youth determined to be at high risk of becoming a serious or chronic offender, protect the public, and increase responsible productive behavior.

**Clinical Services** - BAYS Florida provides an array of clinical services at a variety of locations throughout the State. Services available include: family domestic violence groups; substance abuse prevention classes; assessments; individual, family, and group counseling. Services are based upon individual needs and are provided by credentialed professionals.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation and Recent Accounting Pronouncement**

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606), as amended, and ASU No. 2018-08 – Not-for-Profit Entities (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as management believes the standards improve the usefulness and understandability of the Organization’s financial reporting.

Analysis of various provisions of the standards resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

Read Report of Independent Certified Public Accountants.

**BAY AREA YOUTH SERVICES, INC.**  
**d/b/a BAYS FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation and Recent Accounting Pronouncement (continued)**

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations:

- may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.
- are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

**Estimates**

The preparation of the financial statements in conformity with principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash and money market accounts.

**Revenue and Revenue Recognition**

The Organization recognizes contributions when cash, other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met.

Contract services revenues are derived from the various fee-for-service vendor contracts and performance/cost-reimbursement contracts. The Organization receives a substantial amount of its revenue from State of Florida fee-for-service vendor contracts. Units of service are billed, and recognized as revenue, after the service is performed. Revenues from performance and cost-reimbursement contracts are recorded based upon terms of the grantor allotment, which may be conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has completed performance requirements and/or incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to completing performance requirements and/or incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Revenues are subject to audit by the contractor and, if the examination results in a disallowance of any expenditure, repayment could be required. Management believes that all revenue has been earned as of June 30, 2020 and 2019.

For the years ended June 30, 2020 and 2019, approximately 94% and 99%, respectively, of the Organization's revenues without donor restrictions are from one agency.

Read Report of Independent Certified Public Accountants.

**BAY AREA YOUTH SERVICES, INC.**  
**d/b/a BAYS FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contract Services Receivable**

Contract services receivable result from services which have been provided pursuant to the Organization's fee-for-service and cost-reimbursement contracts, but for which payment has not yet been received at June 30, 2020 and 2019. The Organization does not maintain an allowance for estimated uncollectible accounts as any amounts determined unallowable by the contractor are deducted from revenue upon notification of the disallowance. No material amounts were subsequently disallowed with respect to the amounts recorded at June 30, 2020 and 2019.

**Property and Equipment**

Property and equipment include furniture, fixtures and equipment, leasehold improvements, and computer software. Furniture, fixtures, and equipment are stated at historical cost and depreciated using the straight-line method over the estimated useful lives of approximately 5 years. Leasehold improvements are stated at historical cost and depreciated using the straight-line method over the term of the lease. Computer software purchased for use in operations is stated at historical cost and depreciated using straight-line method over the estimated useful life of approximately 3 years. Acquisitions of property and equipment in excess of \$1,000 are capitalized.

Property and equipment acquired by the Organization is considered to be owned by the Organization, except for the property acquired with funds received from certain funding sources (i.e. grants and similar contracts.) These funding sources may have a reversionary interest in the property as well as the determination of the use of any proceeds from the sale of these assets. For the years ended June 30, 2020 and 2019, the Organization has not used grant funds to purchase property and equipment.

**Concentration of Credit Risk**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash and cash equivalents. The Organization places its cash with creditworthy, high quality financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amounts in excess of the FDIC limit totaled \$1,827,928 and \$1,035,390 at June 30, 2020 and 2019, respectively. The Organization has not experienced any losses on its deposits.

Investments that potentially subject the Organization to concentrations of credit risk consist principally of investments in money market, fixed income, and alternative strategy funds, and common stocks. Quarterly portfolio reviews are performed to assist in the detection of any concentrations of risk. Management does not believe that any concentrations in investments exist.

Additional financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of contract services receivables from State of Florida agencies. At June 30, 2020 and 2019, 86% and 85%, respectively, of contract services receivable were from one agency. Concentration of credit risk with respect to accounts receivable is minimized due to the amounts being backed by the government. The Organization has not experienced any losses with respect to its receivables. The Organization's State contract services revenue is subject to annual appropriation by the State legislature.

Read Report of Independent Certified Public Accountants.

**BAY AREA YOUTH SERVICES, INC.**  
**d/b/a BAYS FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Donated Materials, Services, and Facilities**

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of goods and property are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property or inventory.

**Fair Value of Financial Instruments**

Professional standards require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, contract services receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value due to the short-term nature of these instruments.

**Functional Allocation of Expenses**

Expenses are shown by natural expense classification and function in the accompanying statement of functional expenses. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates may be based on factors such as time and effort, square footage, clients served, or any other reasonable basis. The expenses that are allocated on the basis of estimates of time and effort are salaries, employee benefits and payroll taxes. Facilities, maintenance, insurance, utilities, and depreciation are allocated on a square footage basis.

**Income Tax Status**

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a public supported organization, and not as a private foundation. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Organization accounts for uncertain tax positions, if any, in accordance with ASC Section 740.

Management is not aware of any activities that would jeopardize the Organization's tax-exempt status. The Organization is not aware of any tax positions that it has taken that are subject to a significant degree of uncertainty. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to June 30, 2017.

**Reclassification**

Certain 2019 amounts have been reclassified to conform to the 2020 presentation.

**BAY AREA YOUTH SERVICES, INC.**  
**d/b/a BAYS FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization’s financial assets as of the statement of financial position date. These financial assets are required to be reduced by those not available for general use within one year of the statement of financial position date.

	<b>2020</b>	<b>2019</b>
Financial assets:		
Cash and cash equivalents	\$ 1,967,640	\$ 1,256,734
Investments	1,301,797	1,280,214
Contract services receivable	966,521	617,153
	4,235,958	3,154,101
Less those unavailable for general expenditure within one year:	-	-
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 4,235,958</b>	<b>\$ 3,154,101</b>

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and strives to operate within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. Financial assets in excess of daily cash requirements may be invested in money market funds or other short-term investments.

**NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

In accordance with Professional Standards, *Fair Value Measurements* establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under Professional Standards are described below:

**Level 1**

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**Level 2**

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Read Report of Independent Certified Public Accountants.

**BAY AREA YOUTH SERVICES, INC.**  
**d/b/a BAYS FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENTS – (continued)**

**Level 3**

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable input and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for the assets measured at fair value:

Investments in fixed income, alternative strategies and money market funds, equities, and real asset exchange traded funds (ETFs) are valued at the closing price on the active market which the individual securities are traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 413,418	\$ 413,418	\$ -	\$ -
Fixed Income Funds	585,775	585,775	-	-
Alternative Strategies Funds	183,046	183,046	-	-
Real Asset ETFs	53,531	53,531	-	-
Money Market Funds	66,027	66,027	-	-
	<u>\$ 1,301,797</u>	<u>\$ 1,301,797</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2019:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 381,802	\$ 381,802	\$ -	\$ -
Fixed Income Funds	666,507	666,507	-	-
Alternative Strategies Funds	153,210	153,210	-	-
Real Asset ETFs	32,076	32,076	-	-
Money Market Funds	46,619	46,619	-	-
	<u>\$ 1,280,214</u>	<u>\$ 1,280,214</u>	<u>\$ -</u>	<u>\$ -</u>

Read Report of Independent Certified Public Accountants.

**BAY AREA YOUTH SERVICES, INC.**  
**d/b/a BAYS FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENTS – (continued)**

Net investment return consists of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 36,773	\$ 33,875
Realized and unrealized gains (losses)	(2,922)	21,729
Less: investment expenses	<u>(9,943)</u>	<u>(8,599)</u>
Total investment return	<u>\$ 23,908</u>	<u>\$ 47,005</u>

**NOTE E – PROPERTY AND EQUIPMENT**

	<u>2020</u>	<u>2019</u>
Computer and office equipment	\$ 82,987	\$ 82,987
Leasehold improvements	114,125	-
Vehicles	<u>43,195</u>	<u>43,195</u>
	240,307	126,182
Less: accumulated depreciation	<u>(105,977)</u>	<u>(84,893)</u>
	<u>\$ 134,330</u>	<u>\$ 41,289</u>

**NOTE F – LONG TERM DEBT**

At June 30, 2020 and 2019, long term debt consists of a note payable with monthly payments of \$641, including interest of 4.67%, due February 2022. The note payable is secured by a vehicle. Annual maturities of this debt are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 7,264
2022	<u>5,667</u>
	<u>\$ 12,931</u>

**NOTE G – PAYCHECK PROTECTION PROGRAM**

During fiscal 2020, the Organization obtained a Paycheck Protection Program (PPP) loan under the CARES Act of \$1,065,400 to help keep their workforce employed during the COVID-19 crisis. The loan has a maturity of 2 years, an interest rate of 1% and initial loan payments are deferred for ten months. The loan can be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. Management intends to comply with the forgiveness provisions and expects the loan to be forgiven in fiscal year 2021. The full amount of the loan is included in current liabilities in the accompanying statement of financial position. Upon notification of forgiveness, the Organization will recognize \$1,065,400 in grant revenue.



**BAY AREA YOUTH SERVICES, INC.  
d/b/a BAYS FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE H – DONATED MATERIALS, SERVICES AND FACILITIES**

In-kind contributions received during the years ended June 30, 2020 and 2019 were for a donated facility and totaled \$9,708 and \$8,929, respectively. The donated facility is used in the delinquency prevention program and is included in occupancy expense in the statement of functional expenses.

**NOTE I – LEASES**

The Organization leases certain facilities and equipment for the operation of its programs under long-term operating leases. The following is a schedule by year of future minimum lease payments required under such operating leases which have initial or remaining non-cancelable lease terms as of June 30, 2020:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 390,921
2022	273,823
2023	192,067
2024	122,377
2025	102,804
Thereafter	<u>6,274</u>
	<u>\$ 1,088,266</u>

Rent expense incurred for long term lease facilities and equipment totaled \$420,647 in 2020 and \$224,484 in 2019.

**NOTE J – EMPLOYEE BENEFIT PLAN**

The Organization has a 403(b) retirement plan covering substantially all employees. Annually the Organization may make a discretionary non-elective contribution to participants. Participants fully vest in their accounts immediately. During the year ended June 30, 2020, the Organization made discretionary non-elective contributions totaling \$55,275 and incurred \$2,686 for administrative expenses. For the year ended June 30, 2019, the Organization made contributions totaling \$81,007 and incurred \$2,329 for administrative expenses.

**NOTE K – COMMITMENTS AND CONTINGENCIES**

The Organization's contracts are subject to special compliance audits by the contracting agency and other third-party agencies for which services are provided. The results of these audits may result in disallowed expense amounts. Disallowed amounts, if any, would constitute a contingent liability of the Organization. Accordingly, such liabilities are not reflected in the financial statements. The Organization does not believe any contingent liabilities, if any to be material.

**BAY AREA YOUTH SERVICES, INC.**  
**d/b/a BAYS FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE L – RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2019, a company that employs a member of the Board of Directors of the Organization was paid \$8,599 for providing investment management services. That member resigned from the Board of Directors at the beginning of the fiscal year ended June 30, 2020.

**NOTE M – SUBSEQUENT EVENTS**

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which may negatively impact revenue and support. The investment markets have fluctuated since the pandemic began, but appear to have stabilized as of the report date. The Organization has maintained their major grant contracts which is allowing them to continue to provide services to youth and their families throughout the State of Florida. As the Organization continues to evaluate its response and the community's response to COVID-19, there could be additional impact which is unknown at this time.

As of the current date, the PPP loan described in the NOTE G to the financial statements was still under its calculation period. While the Organization believes it will meet the criteria for the loan's forgiveness, the amount will continue to be included in deferred revenue until such forgiveness is determined by the lender.

Management has evaluated subsequent events through September 30, 2020, the date the financial statements were available to be issued.



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To Bay Area Youth Services, Inc.  
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bay Area Youth Services, Inc. (the Organization), d/b/a BAYS Florida which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Reeder & Associates, PA*

Certified Public Accountants

September 30, 2020

**SINGLE AUDIT REPORT AND  
SUPPLEMENTARY INFORMATION**



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR STATE FINANCIAL ASSISTANCE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA**

To Bay Area Youth Services, Inc.  
Tampa, Florida

***Report on Compliance for Each Major State Project***

We have audited Bay Area Youth Services, Inc.'s (the Organization), d/b/a BAYS Florida, compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major state projects for the year ended June 30, 2020. The Organization's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, *Rules of the Auditor, State of Florida* (Chapter 10.650). Those standards and Chapter 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Organization's compliance.

### ***Opinion on Each Major State Project***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2020.

### ***Report on Internal Control Over Compliance***

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.650, Rules of the Auditor General, State of Florida***

We have audited the financial statements of the Organization as of and for the year ended June 30, 2020, and have issued our report thereon dated September 30, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Auditor General, State of Florida* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

*Reeder & Associates, PA*

Certified Public Accountants  
February 4, 2021



**BAY AREA YOUTH SERVICES, INC.  
d/b/a BAYS FLORIDA  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>Contract Number</u>	<u>State Expenditures</u>	<u>Transfers to Subrecipients</u>
<b><i>State of Florida Department of Juvenile Justice</i></b>				
Diversions Services	80.022	10064	\$ 1,477,751	\$ 271,610
Diversions Services	80.022	10433	3,266,804	-
Diversions Services	80.022	10515	837,438	-
Diversions Services	80.022	10516	<u>925,379</u>	<u>-</u>
<b><i>Total State of Florida Department of Juvenile Justice</i></b>			<u>6,507,372</u>	<u>271,610</u>
<b>Total Expenditures of State Project Awards</b>			<u>\$ 6,507,372</u>	<u>\$ 271,610</u>

**NOTE 1: Basis of Presentation**

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Bay Area Youth Services of Florida, Inc., d/b/a BAYS Florida, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General, State of Florida*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

**BAY AREA YOUTH SERVICES, INC.**  
**d/b/a BAYS FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2020**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the basic financial statements of Bay Area Youth Services, Inc. (the Organization), d/b/a BAYS Florida, were prepared in accordance with GAAP.
2. No significant deficiencies were disclosed during the audit of the basic financial statements and no material weaknesses are reported.
3. No instances of noncompliance material to the basic financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major state project and no material weaknesses are reported.
5. The auditor's report on compliance for the major state project for the Organization expresses an unmodified opinion on the major state project.
6. There were no audit findings relative to the major state project of the Organization that are required to be reported.
7. The state project tested as a major project was:

<b>80.022 Diversion Services</b>	<b>\$6,507,372</b>
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8. The threshold for distinguishing Type A and Type B projects was \$750,000 for major state projects.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

NONE

**C. FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS**

NONE

**D. OTHER ISSUES**

NONE

**E. PRIOR YEAR FINDINGS**

NONE

**F. MANAGEMENT LETTER – CHAPTER 10.650, RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA**

NOT APPLICABLE AS NO ITEMS REPORTED

**G. CORRECTIVE ACTION PLAN**

NOT APPLICABLE AS NO ITEMS REPORTED